

## Memorandum

**TO:** PUBLIC SAFETY, FINANCE AND  
STRATEGIC SUPPORT COMMITTEE

**FROM:** Jennifer A. Maguire

**SUBJECT:** BI-MONTHLY FINANCIAL  
REPORT FOR JANUARY/  
FEBRUARY 2008

**DATE:** April 3, 2008

Approved

*Aristine J. Shippey*

Date

*4-4-08*

The Bi-Monthly Financial Report (MFR) for January/February 2008 was jointly prepared by the City Manager's Budget Office and the Finance Department and is presented for the City Council's review.

### OVERVIEW

Through February, the City's overall financial position remains stable even though the economic news has gotten progressively worse. Revenues and expenditures are currently performing within expected levels and are tracking to meet budgeted estimates. While the City's financial performance in the current year remains on track, the deteriorating economic conditions are expected to impact the City's revenues in the upcoming fiscal year. As a result, the final 2009-2013 General Fund Forecast that was released late February 2008 incorporated downward adjustments to several of the economically sensitive revenue categories. The Administration will continue to closely monitor economic conditions and the performance in the City's funds to determine if adjustments will be necessary by year-end.

Following are key highlights in this report:

- The State Board of Equalization recently released Sales Tax data for the second quarter of 2007-2008. This data showed an increase of 4.2% from the same quarter in the prior year. Based on preliminary information from the City's Sales Tax consultant, MuniServices, the majority of this growth was the result of one-time adjustments and growth in the County pool receipts. The underlying economic growth in San José was only 0.4%. Additional information on the performance by economic sector will be available for inclusion in the next Monthly Financial Report.
- Development-related fee activity continues to experience mixed results with the Building and Public Works Fee Program revenues tracking below anticipated levels through February, while the Planning and Fire Fee Programs are exceeding expectations. As part of the Mid-Year Budget Review, downward adjustments to the Building (\$2 million) and Public Works (\$675,000) revenue estimates were approved based on the lower collection trends. Further reductions to these revenue estimates may be necessary by year-end if collections do not

<b>OVERVIEW (CONT'D.)</b>
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improve in these areas. The Planning and Fire Development Fee Programs, however, continue to track above the prior year and budgeted levels.

- The slowdown in the real estate market remains a major concern. The problems associated with sub-prime mortgages and the impact on the housing market were anticipated, however, when the 2007-2008 Adopted Budget was developed, and the most directly impacted revenue categories (Construction and Conveyance Taxes and SB 813 Property Taxes-supplemental taxes associated with property turnovers) were adjusted downwards accordingly. Through February, the Construction and Conveyance Tax receipts are down 31% when compared to the same time period last fiscal year. The Building and Structure Construction Tax and Construction Excise Tax receipts are also tracking below last year and the budgeted estimates. The 2009-2013 Forecast that will be used in the development of the 2009-2013 Capital Improvement Program accounted for the lower collection levels in these two categories.
- On an overall basis, expenditures are tracking within estimated levels through February. Cost control measures remain in place, such as the hiring freeze, and have generated significant savings in recent years. If current expenditure trends continue, there are a number of departments that will end 2007-2008 with year-end savings. The level of these savings, however, is not expected to reach the high levels experienced in 2006-2007.
- The recent bond insurer downgrades may result in overages in a number of the bond payment appropriations. In its Weekly Update #3 memorandum on the variable rate bond issues impacted by recent bond insurer downgrades, the Finance Department estimates a Base Case impact of \$1.8 million. This assumes that the bonds pay at the latest reset rate (as of March 27, 2008) through the end of the fiscal year. Of this amount, the General Fund overages would total almost \$500,000.
- Through February, the Airport has enplaned and deplaned 6.9 million passengers, a decrease of 0.4% from the figures reported through February of the prior year. January and February activity declined 2.6% compared with January/February 2007.

### **Economic Environment**

When the 2007-2008 Adopted Budget was prepared, it was assumed that only modest economic growth would be experienced during the fiscal year. The impacts of the slowing housing market were expected to continue to hamper growth in this region.

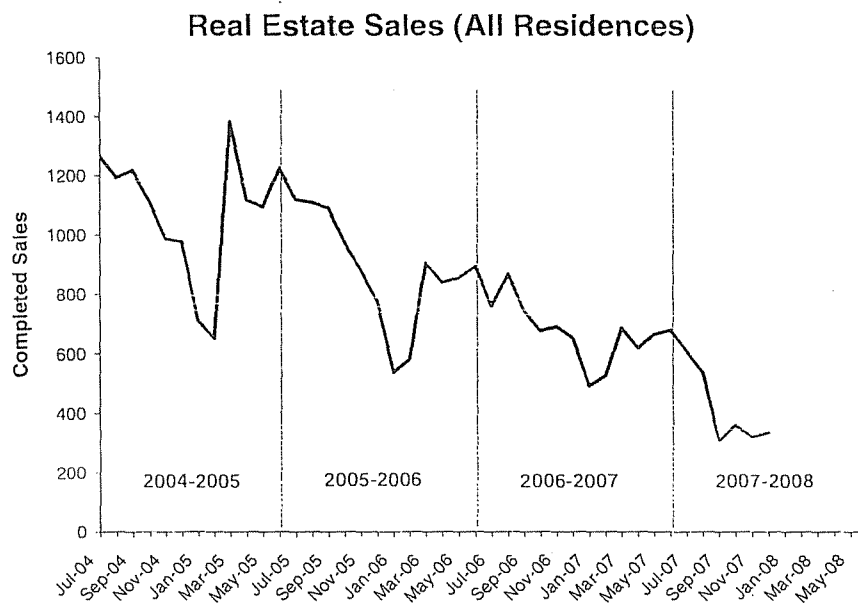
As expected, the economic indicators through the first eight months of the fiscal year, particularly the housing-related ones, have not been positive. The number of housing sales in San José dropped significantly in 2006-2007 and is continuing to fall with a 45% decline through February of this fiscal year. The decline in the month of February alone was 51% when

## OVERVIEW (CONT'D.)

### Economic Environment (Cont'd.)

compared to February 2007. The single-family median home price has also fallen from \$715,000 in February 2007 to \$670,000 in February 2008.

The following chart shows the dramatic decline in residential sales in San José over the last few years.



It is expected that the housing market will continue to experience weak performance through 2007-2008 and 2008-2009 and will most directly impact Construction and Conveyance Tax and the SB 813 Property Tax receipts. The growth in Secured Property Tax is also expected to be much lower in 2008-2009 than it has in recent years.

In the area of job growth, the employment figure for February 2008 of 910,700 was slightly less than 1% above the February 2007 figure of 903,400 jobs. This growth rate is tracking below the job growth of 2.1% experienced in 2006-2007. The number of jobs in this region remains well below the peak of 1.1 million jobs in December 2000.

The unemployment rate for the San José area of 5.2% in February 2008 was slightly below the January 2008 figure of 5.3% but was up from 4.7% a year ago. The February unemployment rate for San José was equal to the unadjusted rate for the nation but was below the unadjusted figure for the State of 6.1%.

Consumer confidence also continues to fall. On a national level, the Conference Board Consumer Confidence Index, which has declined sharply in February, fell further in March. Lynn Franco, Director of The Conference Board Consumer Research Center stated: "Consumers'

<b>OVERVIEW (CONT'D.)</b>
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**Economic Environment (Cont'd.)**

confidence in the state of the economy continues to fade and the Index remains at a five-year low.....Looking ahead, consumers' outlook for business conditions, the job market and their income prospects is quite pessimistic and suggests further weakening may be on the horizon."

Recent economic forecasts point to little or no economic growth in the near future although there are varying opinions on whether the economy will sink into an actual recession. In the March 2008 UCLA Anderson Forecast, California Report, the forecasters predict a very weak California economy in 2008. "The double whammy of Construction and Financial Activities job loss will continue to drag at the economy, keeping overall job growth slightly negative for two more quarters. The unemployment rate will top out at 6.3% by the end of the year, and real income and real taxable sales will both show small losses in the first half of the year. Yet, we maintain that this very lackluster economy should not be described as a recession. First and foremost, there has never been a California recession without a national recession, and we are not forecasting a national recession".

Staff has continued to closely monitor economic conditions and the impact on the City's revenues. The 2009-2013 General Fund Forecast was built on the assumption that weak economic performance would continue through 2008-2009. As a result, minimal growth in the economically sensitive revenue categories was projected for the upcoming fiscal year.

<b>GENERAL FUND</b>
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**REVENUES**

General Fund revenues through February 2008 totaled \$482.9 million. This was an increase of \$10.1 million (2.1%) from the February 2007 level of \$472.8 million. Collections exceeded the prior year in several categories, including Property Tax, Transfers and Reimbursements, Utility Tax, and Revenue from the State. These higher collections were partially offset by lower receipts in the Other Revenue, Revenue from Local Agencies, and Revenue from the Federal Government categories.

Based on collections through February, it is anticipated that General Fund revenues should slightly exceed the budget estimates by year-end. Given the City's conservative budgeting practices, the economically sensitive revenue categories continue to meet expectations. This is welcome news in a financial environment in which some jurisdictions and the State are facing difficulties in the current year. The Budget Office will continue to refine its revenue estimates as additional information becomes available.

The following discussion highlights General Fund revenue activities through February.

**KEY GENERAL FUND REVENUES**

<u>Revenue</u>	<u>2007-2008 Estimate</u>	<u>YTD Actual</u>	<u>Prior YTD Collections</u>
<b>Property Tax</b>	<b>\$ 198,154,000</b>	<b>\$ 108,083,718</b>	<b>\$ 101,501,454</b>

Secured Property Tax accounts for \$93.4 million of the \$108.1 million in Property Tax revenue received through February 2008. Based on information from the County of Santa Clara, Secured Property Tax receipts are projected to exceed the adopted estimate of \$181.4 million by as much as \$1.5 million. The 2007-2008 collections are based on the value of property assessed on January 1, 2007, with any roll corrections. It is currently assumed that there will be no major downward reassessments of property values during the year. Tax roll adjustments are still occurring and will continue to take place until the end of May 2008. The Budget Office is continuing to work with the County to assess what implications any fluctuation in revenues due to this factor may have on growth expectations for the overall Secured Property Tax category.

The largest payment for the Unsecured Property Tax category is received in October of each year. Receipts of \$10.3 million are tracking ahead of the budgeted estimate and are expected to end the year approximately \$700,000 above the budget of \$10.7 million. The latest estimate from the County of Santa Clara is consistent with this year-end projection.

The SB 813 Property Tax category generated revenues of \$3.8 million through February, which is slightly above the \$3.6 collected through the same period last year. This collection pattern is

<b>GENERAL FUND (CONT'D.)</b>
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**KEY GENERAL FUND REVENUES (CONT'D.)**

**Property Tax (Cont'd.)**

unusual given the large declines in the number of real estate transactions that have occurred. From July 2007 through February 2008, the number of residential property sales declined 45% when compared to the same period last year. While no drop is currently reflected in year-to-date receipts, it is anticipated that collections will fall significantly at some point in this area based on the slowdown in the housing market. In 2006-2007, receipts fell 20.7% in this category. Receipts can fall an additional 38% from the \$8.0 million collected in 2006-2007 and still meet the 2007-2008 budget estimate of \$5.0 million in this category. Based on the relatively strong collections through February, however, it is anticipated that the revenue estimate will be met by year-end.

It is also anticipated that the Homeowners Property Tax Relief will come in at the budgeted level of \$1.1 million.

<u>Revenue</u>	<u>2007-2008 Estimate</u>	<u>YTD Actual</u>	<u>Prior YTD Collections</u>
Sales Tax	\$ 152,636,000	\$ 75,038,748	\$ 75,230,537

The Sales Tax category includes General Sales Taxes and Proposition 172 Sales Taxes. General Sales Tax receipts through February of \$72.4 million are tracking very close to the prior year collection level of \$72.5 million. This reflects actual performance for the first quarter along with a "triple flip" payment and advances from the State. While not reflected in the figures through February, the City has received preliminary information on the City's Sales Tax performance in the second quarter that shows overall growth of 4.2%. This represents sales activity from September through December 2007.

Based on preliminary information from the City's Sales Tax consultant, MuniServices, the majority of the growth in the second quarter was the result of one-time adjustments and growth in the County pool receipts. The underlying economic growth in San José was only 0.4%. Additional information on the performance by economic sector will be available for inclusion in the next Monthly Financial Report.

While detailed data on San José's Sales Tax performance in the second quarter is not yet available, MuniServices has provided data on the overall performance of the other local cities as well as the State for this most recent quarter. The 4.2% growth in San José tracked above the County-wide growth of 2.8%, the Bay Area growth of 1.5%, and the flat performance for the State as a whole. This region experienced large variances in the Sales Tax performance, with an increase of 28.7% for Cupertino and a decline of 51.2% for Monte Sereno. Other local cities that experienced growth included Los Gatos (up 3.6%), Milpitas (up 3.2%), Morgan Hill (up 6.4%),

**GENERAL FUND (CONT'D.)****KEY GENERAL FUND REVENUES (CONT'D.)****Sales Tax (Cont'd.)**

Sunnyvale (up 8.8%), and Saratoga (up 13.7%). Jurisdictions that experienced declines included Gilroy (down 5.3%), Mountain View (down 3.5%), Santa Clara (down 8.6%), and Los Altos Hills (down 33.4%). The overall growth in San José and the Bay Area helped offset the declines in other parts of the State, including a 4.1% decline in the Sacramento Valley, a 2.9% decline in the Inland Empire (Riverside and San Bernardino Counties), and a 1.8% decline in the North Coast region.

Based on the actual collections through the first two quarters, no growth is needed in the last two quarters of this fiscal year to meet the 2007-2008 budgeted estimate. If 2007-2008 receipts were to increase by the budgeted growth level of 3% in the next two quarters, collections would exceed the 2007-2008 estimate by \$1.7 million. This growth, however, is unlikely given the current economic environment.

The Proposition 172 Sales Tax receipts of \$2.6 million are tracking below the prior year collection level of \$2.8 million due to accrual differences from the prior year. Factoring out those adjustments, collections are tracking at the 2006-2007 levels. Growth of approximately 2.5% is needed, however to meet the budgeted estimate. At this point, it is anticipated that collections will end the year slightly below the budgeted estimate. Staff will continue to closely monitor this category to determine if an adjustment to this \$4.7 million revenue estimate will be recommended at year-end.

<u>Revenue</u>	<u>2007-2008 Estimate</u>	<u>YTD Actual</u>	<u>Prior YTD Collections</u>
<b>Transient Occupancy Tax</b>	<b>\$ 8,988,000</b>	<b>\$ 5,483,202</b>	<b>\$ 4,766,647</b>

Through February, Transient Occupancy Tax collections of \$5.5 million were tracking 15% above the prior year collection level of \$4.8 million for the same period. This growth level exceeds the growth of 4.6% needed to meet the 2007-2008 budget estimate of \$9.0 million.

The occupancy rate at the 14 major hotels was 70.84% in February 2008, which was above both the January 2008 rate of 60.07% and the February 2007 rate of 67.2%. The average room rate decreased slightly from \$153.13 in January 2008 to \$151.18 in February 2008. The average room rate in February 2008 was, however, above the February 2007 room rate of \$137.74. If the current collection trends continue, the 2007-2008 budget estimate will be exceeded at year-end.

**GENERAL FUND (CONT'D.)****KEY GENERAL FUND REVENUES (CONT'D.)**

<u>Revenue</u>	<u>2007-2008 Estimate</u>	<u>YTD Actual</u>	<u>Prior YTD Collections</u>
<b>Utility Tax</b>	<b>\$ 79,141,000</b>	<b>\$ 50,198,419</b>	<b>\$ 48,393,349</b>

Utility Tax collections of \$50.2 million through February were up 3.7% from last year's collection level of \$48.4 million due to slightly higher collections in all categories (Electric, Gas, Water, and Telephone).

In the Electric Utility Tax category, collections of \$23.6 million were tracking 1.8% above the prior year level of \$23.2 million. Overall growth of less than 1% is needed to meet the budget estimate of \$37.0 million. It is currently anticipated that Electric Utility receipts will meet or slightly exceed this estimate by year-end.

In the Gas Utility Tax category, receipts of \$6.2 million were 12.2% above the prior year of \$5.5 million. The price of gas fluctuates each month and reflects an increase from the prior year. The 2007-2008 Adopted Budget estimate of \$9.7 million assumed no growth in this category. Based on the current collection trends, it is assumed that collections will exceed this budgeted estimate.

In the Water Utility category, collections of \$5.3 million are tracking 6.0% above the prior year level of \$5.0 million and are expected to exceed the budget estimate of \$7.7 million by year-end. When the 2007-2008 Adopted Budget was developed, it was assumed that growth of 5% over the 2006-2007 estimated collection level would be realized in 2007-2008 based on the projected rate increases. Because receipts in this category tracked above expected levels in 2006-2007, no growth is needed in 2007-2008 to meet the budgeted estimate.

Collections in the Telephone Utility Tax category of \$15.1 million are tracking above the prior year level of \$14.7 million and are targeted to meet or slightly exceed the budgeted estimate of \$24.7 million by year-end.

<u>Revenue</u>	<u>2007-2008 Estimate</u>	<u>YTD Actual</u>	<u>Prior YTD Collections</u>
<b>Licenses and Permits</b>	<b>\$ 77,486,330</b>	<b>\$ 52,592,939</b>	<b>\$ 51,677,905</b>

Through February, Licenses and Permits revenue of \$52.6 million tracked 1.8% above the prior year level of \$51.7 million primarily due to higher Fire Permits receipts. Following is a discussion of the major components of this category.



<b>GENERAL FUND (CONT'D.)</b>
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**KEY GENERAL FUND REVENUES (CONT'D.)**

**Licenses and Permits (Cont'd.)**

Cardroom Business Tax collections of \$7.1 million were slightly below the prior year level of \$7.3 million, but above the 2005-2006 collection level of \$6.4 million. Based on 2006-2007 collections of \$12.5 million, 2005-2006 collections of \$11.2 million, and actual performance through February, this revenue category is expected to meet the budget estimate of \$11.8 million by year-end. In the Business Tax category, revenues of \$12.7 million through February were tracking slightly above the prior year level of \$12.3 million and the budgeted estimate of \$12.6 million. Given the billing cycles and the year-end reconciliation for bad debt, the collections through February generally account for almost all of the revenues that will be received in this category. Disposal Facility Tax revenue of \$7.4 million through February is tracking below the \$7.9 million collected through the same period last year. Based on this lower collection level, it is anticipated that receipts will fall below the budgeted estimate of \$15 million.

Through February, Fire Permits of \$5.8 million were tracking slightly above estimated levels and well above (41.8%) the prior year receipts of \$4.1 million. Over half of the growth from the prior year was, however, the result of accounting differences and an error in the categorization of miscellaneous revenues. In 2006-2007, receipts were understated because approximately \$700,000 was not deferred from 2005-2006 to 2006-2007. After adjusting for deferrals, Fire Permit revenues were tracking approximately 21% above 2006-2007 levels. Additionally, miscellaneous revenues of \$304,000 were incorrectly booked to Fire Permits and will be reallocated. These include legal settlements totaling \$271,000 and State reimbursements totaling \$32,385. Factoring out these revenues, Fire Permits were tracking 15% above 2006-2007 levels. Development-related collections of \$3.35 million were 23.3% above the \$2.7 million received through February 2007, primarily due to higher than anticipated revenue in all categories, including non-renewable permits, inspections, plan checks, and miscellaneous revenues. Through February, plan check revenue of \$1.9 million was tracking 7% above the estimate of \$1.7 million and 37.3% above the prior year level of \$1.4 million. Overall development activities were exceeding budgeted revenue estimates primarily due to increased activities in commercial and industrial development, despite anticipated slowdowns in residential development. While the development-related Fire Permits were exceeding the budget estimate, the non-development Fire Permits of \$2.2 million were tracking lower than anticipated and are projected to end the year below the budgeted estimate.

Year-to-date Building Permit revenues of \$13.2 million were tracking below the budgeted level and the 2006-2007 collection level of \$14.2 million. Based on the lower collections through the first half of the year, the Building Permits revenue estimate was reduced by \$2 million as part of the Mid-Year Budget Review to \$23.0 million. Based on collections in January and February, it is anticipated that revenues could end the year below the revised estimate by an additional \$2 million. While there are sufficient Building Fee Program Reserves and expenditure savings to offset any shortfall in this program this year, the lack of revenue growth remains a concern. In

**GENERAL FUND (CONT'D.)****KEY GENERAL FUND REVENUES (CONT'D.)****Licenses and Permits (Cont'd)**

the Building Permit area, February residential permit activity remained slow (134 units). Permits were issued for a podium garage of an apartment complex, a 72-unit affordable housing project, and a 36 single family detached housing project. Commercial building permit activity was also slow and no new industrial construction permits were issued. The development-related revenues will be closely monitored to determine whether budget actions will be necessary at the end of the fiscal year.

The other licenses and permits are generally tracking within estimated levels through February, with the exception of the Multiple Housing Permits. These permits are expected to end the year \$100,000 below the budgeted estimate of \$3.0 million.

<u>Revenue</u>	<u>2007-2008 Estimate</u>	<u>YTD Actual</u>	<u>Prior YTD Collections</u>
Use of Money and Property	\$ 14,129,080	\$ 10,367,252	\$ 9,220,648

Use of Money and Property revenue collections of \$10.4 million through February were above the prior year level of \$9.2 million, primarily reflecting higher cash balances in the General Fund. This category, however, is now beginning to be impacted by falling interest earning rates. Due to the strong collections in the first half of the fiscal year and the higher than anticipated cash balances, overall revenues in this category are still expected to meet or slightly exceed the budgeted estimate by year-end. Staff will continue to closely monitor revenues in this area to determine if any adjustment to the revenue estimate is necessary.

<u>Revenue</u>	<u>2007-2008 Estimate</u>	<u>YTD Actual</u>	<u>Prior YTD Collections</u>
Revenue from Local Agencies	\$ 49,502,354	\$ 30,221,303	\$ 35,116,860

This category includes reimbursement from the Redevelopment Agency for City services, grants from various agencies, reimbursement for fire suppression services in unincorporated County pockets, and reimbursement for emergency medical services. Revenues through February of \$30.2 million were below the prior year level of \$35.1 million due primarily to differences in the timing of payments. Overall, revenues in this category are expected to end the year slightly below the adopted estimate. This is due to lower than projected collections in the Central Fire District category and reimbursement from the Redevelopment Agency for City support services due to vacancies.

**GENERAL FUND (CONT'D.)****KEY GENERAL FUND REVENUES (CONT'D.)**

<u>Revenue</u>	<u>2007-2008 Estimate</u>	<u>YTD Actual</u>	<u>Prior YTD Collections</u>
<b>Departmental Charges</b>	<b>\$ 30,178,518</b>	<b>\$ 19,107,791</b>	<b>\$ 18,771,378</b>

Overall, the Departmental Charges category was performing within estimated levels through February. This was due, however, to strong performance in the Planning and Parks, Recreation and Neighborhood Services Fee categories that offset the weak performance in other areas. Following is a discussion of the major variances in this category.

Planning Permit revenue of \$4.8 million was well above the prior year level of \$3.3 million and is currently projected to exceed the 2007-2008 revenue estimate of \$6.3 million by as much as \$500,000. Revenues in most categories were performing at or above anticipated levels through February. This is welcome news given the weak performance in 2006-2007 that resulted in the use of almost all of the Planning Fee Reserve. The Budget Office will continue to work with the Planning, Building and Code Enforcement Department to project the year-end collection level.

Public Works revenues of \$4.0 million were, conversely, 11% below the prior year level of \$4.5 million and tracked below the level needed to meet the revised projections for 2007-2008. The adopted revenue estimate for this category was \$8.7 million. This estimate was reduced to \$8.0 million as part of the 2007-2008 Mid-Year Budget Review based on the lower revenue collections through the first half of the year. Based on collections through February, it appears that receipts may fall short of this lower estimate as well. Collections in many of the revenue categories are performing below expectations, with the Residential Engineering, Residential Materials Testing, and Private Streets Engineering tracking well below the budgeted estimates. A shortfall of approximately \$1 million is projected by year-end if current collection trends continue. The Public Works Fee Reserve and expenditure savings are available to offset a portion of the projected shortfall. The Budget Office will continue to work with the Public Works Department to determine whether adjustments to revenues and expenditures will be necessary before year-end.

Collections in the Transportation Fee category were tracking slightly below anticipated levels due to lower collections in the development-related tree planning charges and signal review and design fees. Collections in the Police Fee category were also slightly below estimated levels due to lower than projected Police Officer Standards and Training (POST) reimbursements. The Parks, Recreation, and Neighborhood Services Fees, on the other hand, were tracking above expectations due to strong performance in a number of categories, including Fee Activity/Classes and Happy Hollow Park and Zoo. It is anticipated that a portion of the Fee Activity/Classes revenue will be recommended to be allocated to cover higher costs associated with delivering the fee classes.

**GENERAL FUND (CONT'D.)****KEY GENERAL FUND REVENUES (CONT'D.)**

<u>Revenue</u>	<u>2007-2008 Estimate</u>	<u>YTD Actual</u>	<u>Prior YTD Collections</u>
<b>Other Revenue</b>	<b>\$ 22,994,236</b>	<b>\$ 14,460,760</b>	<b>\$ 18,647,493</b>

The Other Revenue category contains a number of unrelated revenue sources. While almost all of the line items in this category are tracking within estimated levels, it is anticipated that overall receipts will fall below the budgeted estimate due primarily to lower collections associated with the Coyote Valley Specific Plan. The developers in Coyote Valley have decided to not move forward at this time, which will reduce the reimbursement for City services associated with preparing the Specific Plan that is budgeted at \$2.9 million in 2007-2008. Expenditure savings will also be generated to offset the majority of the lower revenue collections.

<u>Revenue</u>	<u>2007-2008 Estimate</u>	<u>YTD Actual</u>	<u>Prior YTD Collections</u>
<b>Transfers and Reimbursements</b>	<b>\$ 101,981,767</b>	<b>\$ 73,252,672</b>	<b>\$ 67,201,677</b>

This category includes overhead reimbursements from operating and capital funds, transfers, and other reimbursements. Transfers and Reimbursement collections of \$73.3 million through February were tracking above the prior year level of \$67.2 million due primarily to differences in the amounts budgeted for transfers and overhead from various operating funds. Overall, collections in the Transfers and Reimbursements category are expected to meet or exceed budgeted estimates by year-end based on higher overhead reimbursements from capital funds.

While the operating overhead reimbursements are typically received at the Adopted Budget level, the capital overhead reimbursements are received based on actual capital expenditures. These reimbursements are currently tracking above anticipated levels based on the activity levels in the capital funds and should exceed the budget estimate by year-end.

<b>GENERAL FUND (CONT'D.)</b>
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**EXPENDITURES**

Through February, General Fund expenditures of \$545.6 million were 13.7% above (up \$65.6 million) the prior year level of \$480.0 million. Encumbrances of \$45.7 million were 21.5% above (\$8.1 million) the prior year level of \$37.6 million. Expenditures and encumbrances (\$591.3 million) through February constitute 60.6% of the total 2007-2008 revised budgeted uses of funds (\$975.5 million, excluding reserves). On an overall basis, cumulative departmental and non-departmental expenditures appear to be tracking within approved budgeted levels through February.

Departmental expenditures of \$456.9 million were 19.3% above the prior year level of \$383.1 million. Approximately 70% of the increase in departmental expenditures occurred in the Police and Fire Departments that were up almost \$53 million from last year. A significant portion of this increase from the prior year reflects the multiple year retroactive salary increases for Fire sworn personnel that were awarded in arbitration. Departmental expenditures are tracking within estimated levels through February and it is anticipated that departments will remain within their overall allocations. There are several departments that are currently tracking below anticipated levels and are expected to end the year with savings, including Police, Parks, Recreation and Neighborhood Services, Transportation, Finance, City Attorney's Office, City Auditor's Office, Planning, Building and Code Enforcement, and Fire. Adjustments may be necessary at year-end to shift funds between the personal services and non-personal/equipment categories within a few departments to align with spending patterns.

In the non-departmental area, expenditures of \$88.7 million were below the prior year level of \$96.9 million primarily due to the timing of payments, lower grant-related expenditures and lower transfers to other funds. Non-departmental expenditures are generally expected to remain within the budgeted allocations. Year-end savings are currently expected in several categories, including Workers' Compensation Claims, General Liability Claims, and Sick Leave Payments Upon Retirement. While overall savings are expected in the non-departmental allocations, the recent bond insurer downgrades may result in overages in a number of the bond payment appropriations. In its Weekly Update #3 memorandum on the variable rate bond issues impacted by recent bond insurer downgrades, the Finance Department estimates a Base Case impact of \$1.8 million assuming that the bonds pay at the latest reset rate (as of March 27, 2008) through the end of the fiscal year. Of this amount, the General Fund overages would total almost \$500,000.

Following is a discussion of the expenditure performance for the Police and Fire Departments, the City's largest General Fund departments.

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**GENERAL FUND (CONT'D.)****KEY GENERAL FUND EXPENDITURES**

<u>Department</u>	<u>2007-2008 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
<b>Police</b>	<b>\$287,111,982</b>	<b>\$180,354,802</b>	<b>\$155,185,298</b>

On an overall basis, Police Department expenditures are tracking close to estimated levels. Personal Services expenditures of \$169.5 million tracked slightly below anticipated levels (64.6% compared to the par of 65.0%). Overtime expenditures of \$6.1 million through February tracked above anticipated levels with 68.7% expended. This was due in part to higher overtime for homicide investigations. Also, a significant portion of the higher overtime expenditures was for staffing the "high" security threat level, or "Orange Alert" advisory, issued by the Federal Department of Homeland Security at the Airport. Overtime expenditures through February related to the increased security threat level totaled \$636,250, with additional overtime of approximately \$340,750 projected for the remainder of 2007-2008. To address this overtime need, an increase of \$977,000 to the Department's Personal Services appropriation was approved in the 2007-2008 Mid-Year Budget Review. This addition was funded by a corresponding increase to the reimbursement from the Airport Operating Fund to the General Fund. At this time, the Department estimates that it will end the year within its Personal Services appropriation. The Budget Office and Police Department will continue to closely monitor Personal Services to ensure expenditures are within appropriated levels by year-end.

The Department's Sworn Recruitment and Training Program is designed to solely use vacancy savings to fund overstrength positions for recruit academies, with an aim to hire ahead and fill vacant positions with street ready officers within an average of 90 days. In the 2007-2008 Adopted Budget, \$1.3 million in one-time funding was rebudgeted to partially fund the Sworn Recruitment and Training Program's January 2008 Academy. An additional \$762,000 was rebudgeted in the 2006-2007 Annual Report for this program. The Department graduated 30 Police recruits from the July 2007 Academy, with the officers expected to be street-ready in April 2008. In addition, the Department hired 45 Police recruits for the January 2008 Recruit Academy. Due to attrition in the academy, 40 officers are expected to be street-ready in October 2008. These new officers will fill vacancies that occur in the City's 1,370 authorized sworn staff.

The compensatory time balance at the end of February 2008 was 231,967 hours for sworn personnel. This represents an increase of 1,736 hours (0.8%) from the January 2008 balance of 230,231, and an 11,162-hour increase (5.1%) compared to the February 2007 balance of 220,805. The increase in sworn compensatory time balances continues to be due to a number of factors including responses to specific types of crimes such as homicides that require immediate and intensive investigations, and the need to backfill for street-ready vacancies. The Department's sworn compensatory time reduction program for personnel with balances over 240

<b>GENERAL FUND (CONT'D.)</b>
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**KEY GENERAL FUND EXPENDITURES (CONT'D.)**

**Police Department (Cont'd.)**

hours is expected to limit growth for the next quarter; however, this area is a growing concern and Department staff will continue to monitor balances closely throughout the fiscal year.

A total of \$14.4 million (58.1%) of the Department's Non-Personal/Equipment budget was expended or encumbered through February. At this time, the Department projects that it will end the year within the budgeted appropriation.

<u>Department</u>	<u>2007-2008 Budget</u>	<u>YTD Actual</u>	<u>Prior YTD Actual</u>
Fire	\$ 162,743,717	\$ 106,002,016	\$ 78,322,939

Overall, expenditures for the Fire Department were tracking within estimated levels through February with 65.1% expended.

Through February, Personal Services expenditures of \$101.5 million tracked slightly above estimated levels (65.5% versus a par level of 65.0%) primarily due to a series of payouts for 2007-2008 salary adjustments, retroactive pay increases, and additional special pays resulting from the IAFF arbitration award. An additional \$16 million was budgeted in the Department's 2007-2008 Personal Services appropriation in the 2006-2007 Annual Report to cover the 2007-2008 portion of these higher expenditures. In the 2007-2008 Mid-Year Review, the remaining portion of the higher expenditures for retroactive payments (\$10.7 million) was budgeted, which should bring the Department within budgeted levels. Salary and benefit expenditures of \$96.5 million tracked well above par level at 68% expended, while overtime expenditures tracked at lower than estimated levels with \$5.0 million expended (34.6%). The higher salary and benefit expenditures and the lower overtime expenditures are due largely to full staffing of all line positions, and also due to various budgeted overtime activities (such as the Fire Engineer Academy and Special Operations training) that have not yet occurred. At this time, the Fire Department expects that overtime expenditures at year-end will be lower than budgeted. Savings in this category, however, will be needed to offset projected higher expenditures in salaries and benefits. After assuming a rebudget of funds allocated for recruit academies, the Fire Department currently anticipates ending the year within the budgeted allocation for Personal Services expenditures. Due to the current number of overstrength Firefighters, two recruit academies budgeted for 2007-2008 may be conducted in 2008-2009.

Through February, the Fire Department had a total of 269 filled paramedics (174 front-line, 5 Supervisors, and 90 support). All 25 Firefighters that graduated from the January 2007 Academy in April 2007 have secured paramedic accreditation. Of the 25 recruits that began the April 2007

<b>GENERAL FUND (CONT'D.)</b>
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**KEY GENERAL FUND EXPENDITURES** (CONT'D.)

**Fire Department** (Cont'd.)

Academy, 19 graduated in August 2007. Of these 19, four resigned and, of the remaining 15, 13 completed paramedic accreditation through February 2008 and the remaining two are expected to complete their paramedic accreditation by April 2008. The Department projects it will have no problem maintaining the target staffing level of 154 front-line Firefighter Paramedics. The number of targeted front-line Firefighter Paramedics increased (from 147) for Fire Station 33 that came online in August 2007, and Fire Station 35 that came online in October 2007. Additionally, the Department graduated 26 Recruits from the November 2007 Firefighter-EMT Recruit Academy in March 2008.

The Department's Non-Personal/Equipment budget of \$7.7 million was 72.5% expended or encumbered through February. The Department estimates that it will end the year within the budgeted allocation.

**CONTINGENCY RESERVE**

Through February, the General Fund Contingency Reserve was at \$30.3 million, up by \$1.3 million from the 2007-2008 Adopted Budget level of \$29.1 million. The following revisions to the Contingency Reserve were approved through October:

- A decrease of \$150,000 to support the completion of the Evergreen-East Hills Development Policy Update.
- An increase of \$1,264,843 to bring the Contingency Reserve to 3% of the budget based on the Annual Report actions.
- An increase of \$150,000 to restore the funding that was used to support the Evergreen-East Hills Development Policy Update.



## OTHER FUNDS

### Construction and Conveyance Tax Funds

As anticipated, Construction and Conveyance Tax revenues continue to decline due to the slowdown in the local real estate market. Collections through February totaled \$17.4 million, down 31% from the \$25.1 million collected through February 2007. In addition to these revenues, the City has since received March Conveyance Tax receipts totaling \$1.4 million. This amount is 36% lower than the March 2007 amount of \$2.2 million. With this decrease, Construction and Conveyance collections have now experienced decreases in 21 out of the last 23 months when compared to the same months in the prior years, which reflects primarily the drop in the number of property transfers (sales). When the 2007-2008 Adopted Budget was developed it was assumed that collections would fall significantly from the extremely high levels experienced in the last four years. Collections can decline 35% from the \$41.8 million collected in 2006-2007 and still meet the current budget estimate of \$27.0 million. The current year decline of 31% is now approaching this level and revenues will be closely watched through the remainder of the year to determine if a downward adjustment to the revenue estimate is necessary.

Construction and Conveyance Taxes are almost entirely generated from property transfers, and activity in that area has slowed significantly over the past year. In February, the number of property transfers for all types of residences has decreased by approximately 51% from the prior year. Additionally, the median home price for single-family homes within the City is finally starting to fall. The median home price in February 2008 of \$670,000 was down 6% from the February 2007 level of \$715,000. However, it has taken slightly less time to sell these homes, with the average days-on-market decreasing from 75 days in February 2007 to 65 days in February 2008.

### Other Construction-Related Revenues

Through February, permit valuation for residential and commercial construction activity continues to track below prior year levels while industrial construction activity has experienced growth. Residential activity was slow in February with the construction of 134 units. A permit was issued for the podium garage of *Parkmoor Apartments*, a 243-unit project at the northeast corner of Race Street and Parkmoor Avenue. Permits were also issued for *Monterey Family Apartments*, a 72-unit affordable housing project and for construction of 36 single-family detached units on the south side of Campbell Avenue. Meanwhile, commercial activity was slow with permit valuation at \$13.4 million and, for the third time in four months, no new industrial construction permits were issued. This permit activity drives the revenue collection in several categories, including the Construction Excise Tax, the Building and Structure Construction Tax, and the Residential Construction Tax. It is also an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

<b>OTHER FUNDS (CONT'D.)</b>
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**Other Construction-Related Revenues (Cont'd.)**

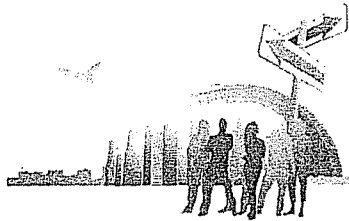
Through February, actual receipts for the seven revenue sources monitored for this report totaled \$18.4 million, which represented a decrease of 6.9% from the \$19.8 million collected through the same period last year. The major revenue sources – Building and Structure Construction Taxes and Construction Excise Taxes – tracked lower than revenues collected through the same period in 2006-2007 and the budgeted estimates. Building and Structure Tax receipts through February totaled \$7.0 million, which is 68.4% of the 2007-2008 estimated level of \$10.2 million. This represents a decrease of 9.0% from the revenues collected through the same period last year (\$7.7 million). The budgeted estimate for this category allows for a 4.3% drop in 2007-2008. Construction Excise Tax revenues through February totaled \$10.5 million (70.8% of the current 2007-2008 estimate of \$14.8 million), which represents a decrease of 2.3% from the revenues collected through the same period last year (\$10.7 million). The budgeted estimate for this category represents a 2.0% increase in 2007-2008. It should be noted that the 2009-2013 Forecast that will be used in the development of the 2009-2013 Capital Improvement Program accounted for the lower collection levels in these two categories.

Other construction-related revenues are generated by Residential Construction Taxes, Municipal Water Service Connection Fees, Municipal Water Major Facilities Fees, Sanitary Sewer Fees, and Storm Drain Fees. Storm Drain Fees and Municipal Water Major Facilities Fees are currently tracking above prior year levels. Storm Drain Fees totaled \$180,000, which represents 59.2% of the current 2007-2008 estimate of \$304,000. This collection level is 36.2% above the prior year level. Municipal Water Major Facilities Fees totaled \$176,000, which represented 117.1% of the current 2007-2008 estimate of \$150,000 and were significantly higher than last year. In contrast, Sanitary Sewer Fees totaled \$526,000, which represents 43.3% of the current 2007-2008 estimate of \$1.2 million. This collection level was 45.7% below the fees collected through the same period last year (\$970,000). Residential Construction Taxes totaled \$71,000, which represents 27.8% of the current 2007-2008 estimate of \$256,000 and a 70.0% decrease from the fees received through the same period last year (\$237,000). Municipal Water Service Connection Fees totaled \$11,000, which represents 2.9% of the current 2007-2008 estimate of \$360,000. This collection level reflects a 75.8% decrease from the fees collected through the same period last year (\$44,000). Municipal Water Service Connection Fees and Municipal Water Major Facilities Fees reflect actual costs recovered to install new services.

Downward adjustments to several of these revenue categories may be necessary at year-end to align the budgeted estimates with the current year performance.

**Airport Funds**

On a fiscal year-to-date basis, the Norman Y. Mineta San José International Airport (SJC) has enplaned and deplaned 6.9 million passengers, a decrease of 0.4% from the figures reported through February of the prior year. January and February activity has declined 2.6% compared with January/February 2007.

**OTHER FUNDS (CONT'D.)****Airport Funds (Cont'd.)**

<b>SJC Passengers</b>	<b>Feb. 2008</b>	<b>Feb. 2007</b>	<b>% Change</b>
Enplaned YTD	3,449,949	3,465,761	-0.5%
Deplaned YTD	3,476,096	3,491,403	-0.4%
<b>YTD Passengers</b>	<b>6,926,045</b>	<b>6,957,164</b>	<b>-0.4%</b>
Monthly Enplanements	371,367	373,422	-0.6%
Monthly Deplanements	369,263	372,577	-0.9%
<b>February</b>	<b>740,630</b>	<b>745,999</b>	<b>-0.7%</b>

Fiscal year-to-date mail, freight and cargo totaled 119.0 million pounds, which represents a 4.9% decrease from 2006-2007. Traffic Operations (landings and takeoffs) exceed the prior year by 1.9% while Landed Weights remain on a par with last year. Taxicab operations exceed last fiscal year by 3.6%, while year-to-date Passenger Facility Charge (PFC) revenues (sales from tickets sold) are 0.4% less than the previous fiscal year.

Through February 2008, year-to-date operating revenues of \$83.34 million are in line with the estimated budget. All revenue categories, except landing fees, are tracking at or above the projected levels. With the new Airline-Airport Lease and Operating Agreement that took effect on December 1, 2007, landing fee rates increased while terminal rental rates decreased. The Airport expects to end the year with landing fees trailing the budget by approximately 15% and terminal rentals higher than the budget by approximately 12%.

Airport Maintenance and Operations Fund expenditures are tracking below estimated budget levels in both Personal Services and Non-Personal/Equipment funding through February 2008. Personal services expenditures of \$21.6 million are 60.9% of budget compared to the benchmark of 65.4%, with savings attributed to vacancies. The Airport has averaged 46 vacant positions per month this fiscal year.

Non-personal/Equipment expenditures of \$20.4 million are 45.5% of budget compared to the benchmark of 55.4%. Encumbrances of \$9.18 million bring total non-personal/equipment commitments to \$29.6 million or 65.9% of budget.

Airport activity and revenue performance will continue to be carefully monitored; year-end savings in both expenditures and reserves are anticipated, and as a result, the Airport's overall budget performance is positive.

## OTHER FUNDS

### Transient Occupancy Tax Fund

Transient Occupancy Tax (TOT) collections of \$8.2 million through February were \$1 million above prior year collections through the same period and were exceeding the budgeted estimate. As described earlier for General Fund Transient Occupancy Tax collections, the occupancy rate at the 14 major hotels was 70.84% in February 2008, which was above both the January 2008 rate of 60.07% and the February 2007 rate of 67.2%. The average room rate decreased slightly from \$153.13 in January 2008 to \$151.18 in February 2008. The average room rate in February 2008 was, however, above the February 2007 room rate of \$137.74. TOT collections in this fund are anticipated to finish the year above the budgeted estimate of \$13.4 million.

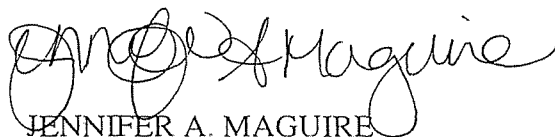
### Vehicle Maintenance and Operations Fund

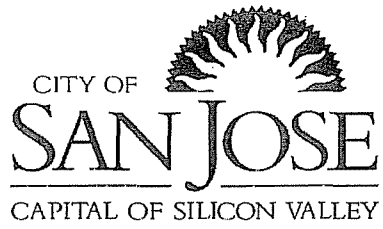
Through February, revenues are tracking slightly below anticipated levels due to the timing of payments associated with Police vehicle replacement. This reimbursement is expected by year-end. On the expenditure side, a few categories are tracking above anticipated levels, including the Inventory and the Non-Personal/Equipment appropriations. The Inventory appropriation was tracking high primarily due to increases in fuel prices as well as increases in parts expenses. The Non-Personal/Equipment appropriation was tracking above expected levels due primarily to increases in contractual expenses. Personal Services savings are projected to offset a portion of these higher expenditures. It is anticipated that budget actions will be required this fiscal year to adjust a few of the appropriations. Funding in departmental budgets should be sufficient to cover the higher costs.

## CONCLUSION

Through February, the City's finances remain in sound condition, with revenues and expenditures generally tracking within estimated levels. When the 2007-2008 Adopted Budget was developed, it was assumed that only modest economic growth would be experienced this fiscal year, hampered by the slowdown in the housing market. This underlying assumption is proving to be accurate. Under the current economic environment, it is anticipated that this region, along with the State and the U.S. as a whole, will continue to face challenges this fiscal year that will continue into 2008-2009. The 2009-2013 General Fund Forecast that was released late February 2008 assumes much slower growth in the economically sensitive revenue categories.

As always, staff will continue to report to the City Council any and all significant developments through this reporting process.

  
JENNIFER A. MAGUIRE  
Acting Budget Director



## **FINANCE DEPARTMENT**

### Monthly Financial Report

Financial Results for the 8 Months Ended February 29, 2008  
Fiscal Year 2007-08

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**Finance Department, City of San José**  
**Monthly Financial Report**  
**Financial Results for the 8 Months Ended February 29, 2008**  
**Fiscal Year 2007-08**

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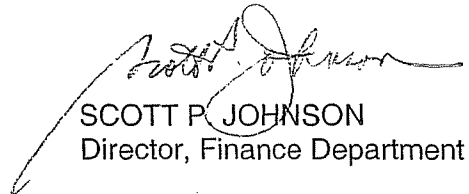
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**Finance Department, City of San José**  
**Monthly Financial Report**  
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**Fiscal Year 2007-08**

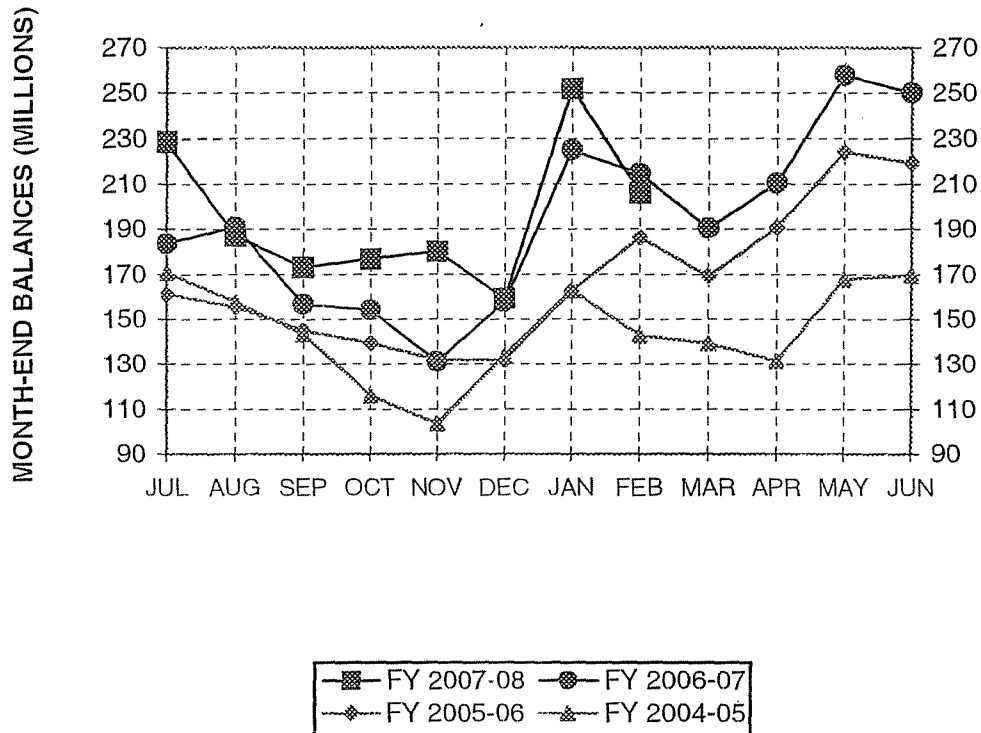
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Submitted by:

  
SCOTT P. JOHNSON  
Director, Finance Department

# GENERAL FUND Comparison of Cash Balances

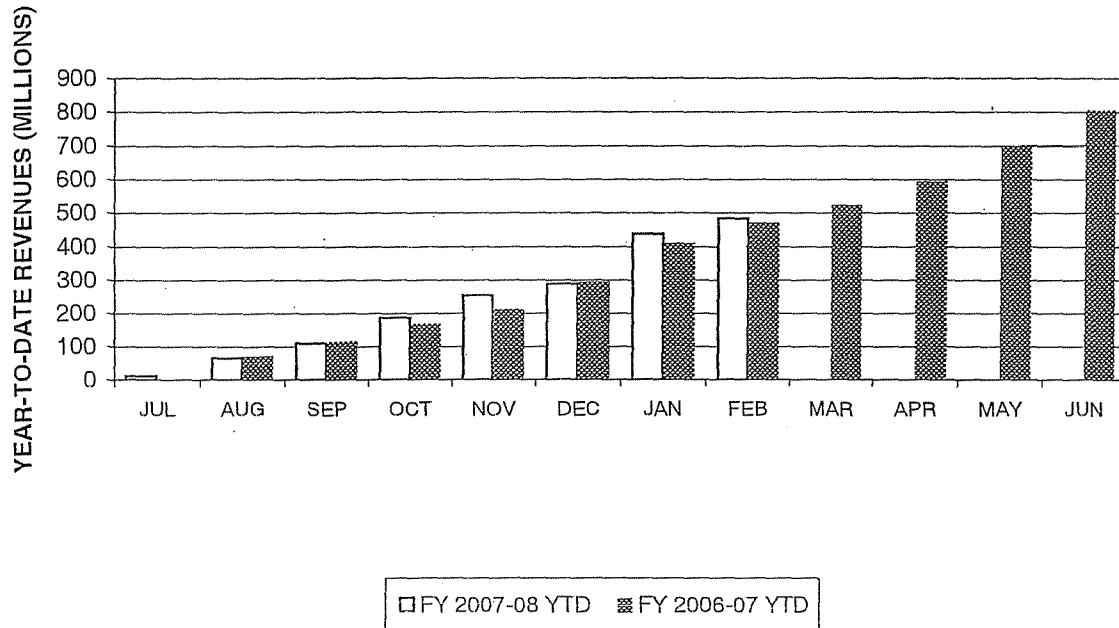


## GENERAL FUND MONTHLY CASH BALANCES

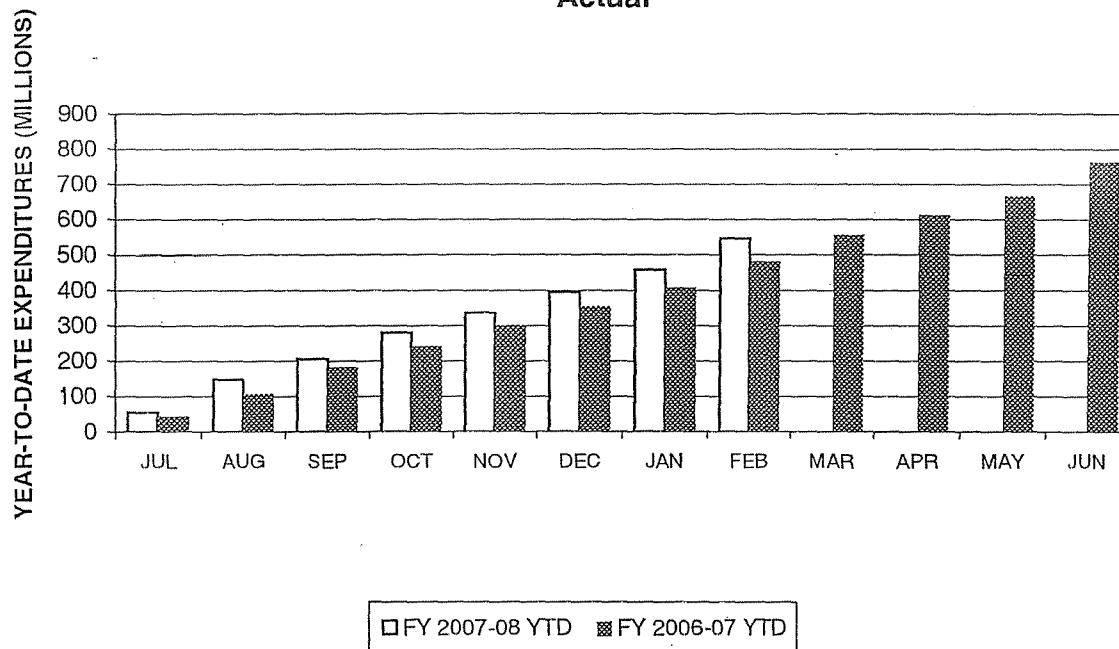
MONTH	FY 2007-08	FY 2006-07	FY 2005-06	FY 2004-05
JULY	\$ 228,551,607	\$ 183,638,084	\$ 161,103,519	\$ 170,866,370
AUGUST	186,835,010	190,974,568	155,276,638	157,724,418
SEPTEMBER	173,043,887	156,674,730	144,980,057	143,118,210
OCTOBER	176,617,539	154,011,382	139,052,451	115,750,195
NOVEMBER	180,164,388	131,009,877	131,757,140	103,292,889
DECEMBER	159,164,830	157,479,064	131,612,938	133,482,542
JANUARY	251,792,153	224,766,520	162,598,761	162,721,265
FEBRUARY	205,882,438	214,574,932	186,471,797	142,587,409
MARCH		190,320,128	169,141,222	139,318,867
APRIL		210,342,744	190,637,410	131,310,126
MAY		257,771,653	224,072,193	167,609,044
JUNE		250,180,874	219,498,514	169,498,646



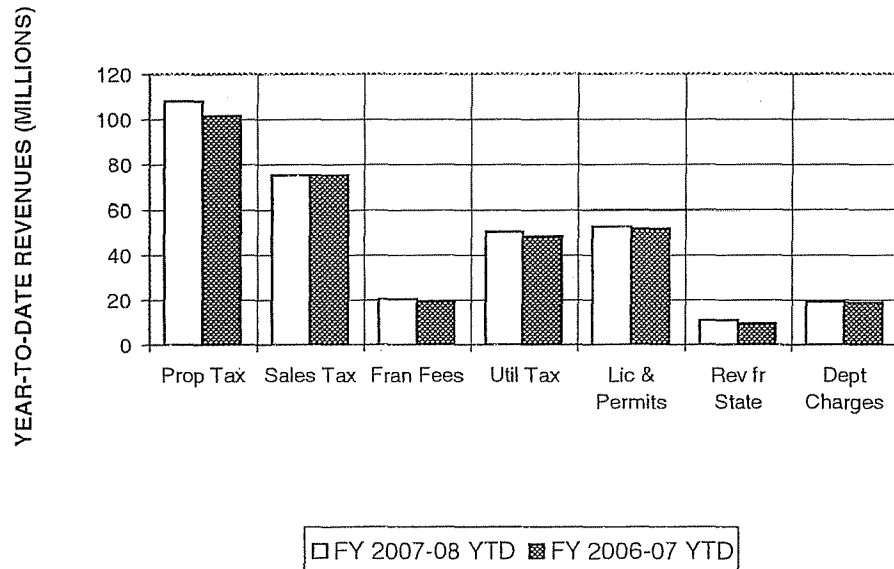
# **GENERAL FUND** **Comparison of YTD Revenues** **Actual**



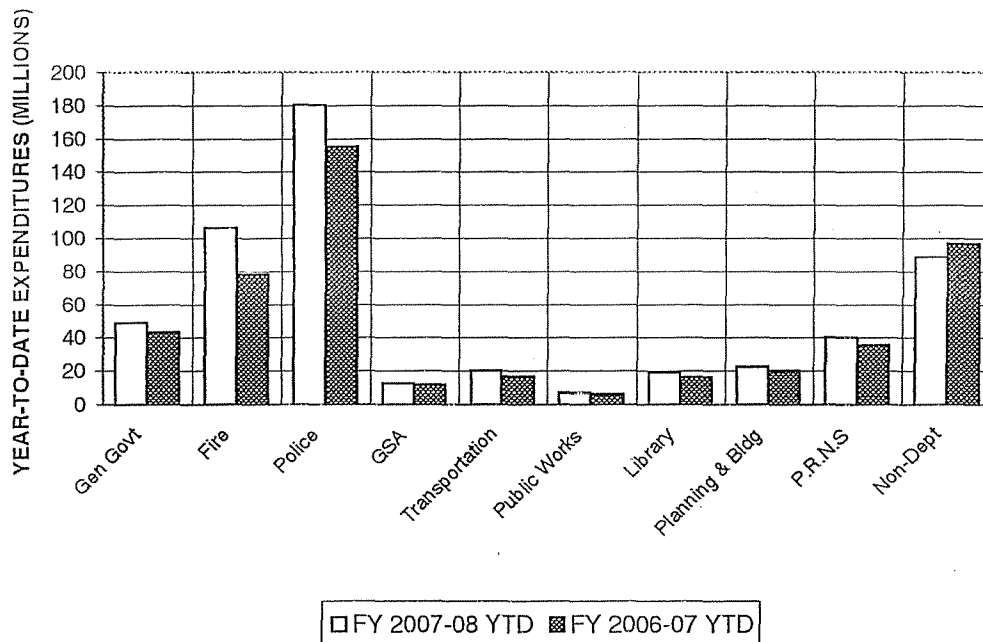
# **GENERAL FUND** **Comparison of YTD Expenditures** **Actual**



**GENERAL FUND MAJOR REVENUES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 8 Months Ended February 29, 2008**



**GENERAL FUND MAJOR EXPENDITURES**  
**Comparison of YTD Actual vs. Prior YTD Actual**  
**For the 8 Months Ended February 29, 2008**



Note: State Budget Balancing actions resulted in the "Triple Flip", which suspended a portion of local government's Sales and Use Tax and Motor Vehicle License Fee revenues and replaced them with local property tax revenues. The 2007-2008 impact through February 2008, after receiving the first half of the triple flip payment in January 2008, is approximately \$8.5 million.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS**  
**FOR THE 8 MONTHS ENDED FEBRUARY 29, 2008**  
*(UNAUDITED)*  
*( \$000's )*

	ADOPTED FY 2007-08 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2007-08 BUDGET	CUR YTD ACTUAL	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
<b>Fund Balance</b>											
Prior Year Encumbrances	\$ -	-	26,397	26,397	26,397	100.00%	26,042	103.65%	25,124	355	1.36%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	205,468	42,161	-	247,630	247,630	100.00%	209,418	100.00%	209,418	38,212	18.25%
<b>Total Fund Balance</b>	<b>205,468</b>	<b>42,161</b>	<b>26,397</b>	<b>274,027</b>	<b>274,027</b>	<b>100.00%</b>	<b>235,460</b>	<b>100.39%</b>	<b>234,542</b>	<b>38,567</b>	<b>16.38%</b>
<b>General Revenues</b>											
Property Tax	198,154	-	-	198,154	108,084	54.55%	101,501	53.51%	189,683	6,582	6.48%
Sales Tax- (Note 2)	152,636	-	-	152,636	75,039	49.16%	75,231	50.17%	149,962	(192)	-0.25%
Transient Occupancy Tax	8,988	-	-	8,988	5,483	61.01%	4,767	55.43%	8,600	717	15.03%
Franchise Fees	39,032	-	-	39,032	20,217	51.80%	19,053	47.14%	40,415	1,164	6.11%
Utility Tax	79,141	-	-	79,141	50,198	63.43%	48,393	61.16%	79,129	1,805	3.73%
Licenses and Permits	79,719	(2,233)	-	77,486	52,593	67.87%	51,678	69.31%	74,562	915	1.77%
Fines, Forfeits and Penalties	14,708	-	-	14,708	10,131	68.88%	9,443	67.20%	14,052	688	7.29%
Use of Money and Property	13,909	220	-	14,129	10,367	73.38%	9,221	58.98%	15,634	1,147	12.44%
Revenue from Local Agencies	47,243	2,259	-	49,502	30,109	60.82%	35,117	77.50%	45,314	(5,008)	-14.26%
Revenue from State of Cal.	10,429	542	-	10,971	10,791	98.36%	9,522	73.09%	13,028	1,269	13.33%
Revenue from Federal Government	6,143	8,189	-	14,332	2,625	18.32%	4,228	30.40%	13,907	(1,603)	-37.91%
Departmental Charges (Note 1)	30,715	(536)	-	30,179	19,108	63.32%	18,771	62.99%	29,801	336	1.79%
Other Revenues	18,527	4,467	-	22,994	14,461	62.89%	18,647	68.74%	27,128	(4,187)	-22.45%
<b>Total General Revenues</b>	<b>699,344</b>	<b>12,908</b>	<b>-</b>	<b>712,252</b>	<b>409,207</b>	<b>57.45%</b>	<b>405,572</b>	<b>57.84%</b>	<b>701,215</b>	<b>3,635</b>	<b>0.90%</b>
<b>Transfers &amp; Reimbursements</b>											
Overhead Reimbursements	33,135	-	-	33,135	29,282	88.37%	21,865	63.74%	34,301	7,417	33.92%
Transfers from Other Funds	49,646	1,377	-	51,023	35,153	68.90%	36,410	69.09%	52,699	(1,257)	-3.45%
Reimbursements for Services	17,825	-	-	17,825	9,287	52.10%	8,927	50.30%	17,746	360	4.03%
<b>Total Transfers &amp; Reimburse</b>	<b>100,605</b>	<b>1,377</b>	<b>-</b>	<b>101,982</b>	<b>73,721</b>	<b>72.29%</b>	<b>67,202</b>	<b>64.16%</b>	<b>104,746</b>	<b>6,519</b>	<b>9.70%</b>
<b>Total Sources</b>	<b>\$ 1,005,417</b>	<b>56,446</b>	<b>26,397</b>	<b>1,088,261</b>	<b>756,955</b>	<b>69.56%</b>	<b>708,234</b>	<b>68.07%</b>	<b>1,040,503</b>	<b>48,721</b>	<b>6.88%</b>

Note 1 - See Supplemental Schedule on Page 7

Note 2 - State Budget Balancing actions resulted in the "Triple Flip", which suspended a portion of local government's Sales and Use Tax and Motor Vehicle License Fee revenues and replaced them with local property tax revenues. The 2007-2008 impact through February 2008, after receiving the first half of the triple flip payment in January 2008, is approximately \$8.5 million.

CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
EXPENDITURES  
FOR THE 8 MONTHS ENDED FEBRUARY 29, 2008  
( UNAUDITED )  
( \$000's )

	ADOPTED	YTD		REVISED	YEAR-TO-DATE		CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END	% CHANGE	
	FY 2007-08	BUDGET	C/O	FY 2007-08	ACTUAL	ENCUMBR	ACTUAL %	YTD	OF PRIOR	BUDGETARY	CUR YTD LESS	PRIOR YTD ACTUAL
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	ENCUMBR	OF BUDGET	ACTUAL(1)	YEAR-END	BASIS	PRIOR YTD	LESS PRIOR YTD
									ACTUAL	ACTUAL	ACTUAL(1)	ACTUAL
<b>General Government</b>												
Mayor and Council	\$ 9,665	(65)	28	9,628	4,749	91	49.32%	4,161	62.41%	6,695	588	14.13%
City Attorney	13,385	407	1,607	15,399	8,296	1,459	53.87%	7,222	58.42%	13,969	1,074	14.86%
City Auditor	2,835	235	10	3,079	1,394	43	45.27%	1,522	64.23%	2,380	(128)	-8.41%
City Clerk	3,046	776	38	3,859	1,276	45	33.06%	1,518	41.27%	3,716	(242)	-15.94%
City Manager	9,776	2,487	338	12,600	7,282	475	57.79%	5,296	59.30%	9,271	1,987	37.51%
Finance	11,487	354	445	12,285	7,106	589	57.84%	6,217	62.57%	10,451	889	14.30%
Information Technology	16,990	524	732	18,246	9,961	1,675	54.59%	8,784	58.69%	15,707	1,176	13.39%
Employee Services	7,724	98	160	7,981	4,582	373	57.40%	3,822	59.36%	6,598	760	19.89%
Redevelopment Agency	1,411	44	-	1,455	803	-	55.20%	774	62.04%	1,248	29	3.74%
Independent Police Auditor	833	29	9	871	526	4	60.38%	459	60.50%	767	67	14.69%
Office of Economic Development	4,461	33	602	5,095	2,890	415	56.73%	3,068	67.36%	5,263	(177)	-5.77%
Office of Emergency Services	532	7	-	539	308	-	57.23%	218	52.68%	413	91	41.69%
<b>Total General Government</b>	<b>82,143</b>	<b>4,929</b>	<b>3,968</b>	<b>91,039</b>	<b>49,173</b>	<b>5,169</b>	<b>54.01%</b>	<b>43,060</b>	<b>59.54%</b>	<b>76,478</b>	<b>6,113</b>	<b>14.20%</b>
<b>Public Safety</b>												
Fire	134,390	27,991	362	162,744	106,002	1,081	65.13%	78,323	61.70%	127,314	27,679	35.34%
Police	281,142	3,520	2,450	287,112	180,355	3,534	62.82%	155,185	60.28%	259,901	25,170	16.22%
<b>Total Public Safety</b>	<b>415,532</b>	<b>31,511</b>	<b>2,813</b>	<b>449,856</b>	<b>286,357</b>	<b>4,615</b>	<b>63.66%</b>	<b>233,508</b>	<b>60.75%</b>	<b>387,215</b>	<b>52,849</b>	<b>22.63%</b>
<b>Capital Maintenance</b>												
General Services	19,389	220	2,115	21,724	12,401	5,035	57.09%	11,596	61.29%	21,189	805	6.94%
Transportation	34,267	64	763	35,095	20,106	1,617	57.29%	16,778	54.81%	31,386	3,329	19.84%
Public Works	10,641	183	322	11,146	7,070	859	63.43%	6,107	62.00%	10,186	964	15.78%
<b>Total Capital Maintenance</b>	<b>64,298</b>	<b>467</b>	<b>3,200</b>	<b>67,964</b>	<b>39,578</b>	<b>7,512</b>	<b>58.23%</b>	<b>34,480</b>	<b>58.06%</b>	<b>62,761</b>	<b>5,097</b>	<b>14.78%</b>

(1) Does not include encumbrance balance.

**CITY OF SAN JOSE**  
**GENERAL FUND SOURCE AND USE OF FUNDS**  
**EXPENDITURES**  
**FOR THE 8 MONTHS ENDED FEBRUARY 29, 2008**  
*( UNAUDITED )*  
*( \$000's )*

	ADOPTED FY 2007-08 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2007-08 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL(1)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL(1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
	BUDGET			BUDGET	ACTUAL	ENCUMBR						
<b>Community Service</b>												
Library	28,807	558	92	29,457	18,803	360	63.83%	16,120	59.82%	27,041	2,684	16.65%
Planning, Bldg & Code Enf.	39,284	(661)	309	38,933	22,299	790	57.28%	20,092	61.08%	33,220	2,207	10.98%
Park, Rec & Neigh Svcs	65,046	(478)	2,238	66,807	40,314	5,111	60.34%	35,376	61.74%	61,104	4,939	13.96%
Environmental Services	1,786	(261)	247	1,772	347	580	19.58%	464	35.01%	1,682	(117)	-25.22%
Total Community Services	134,924	(841)	2,887	136,969	81,764	6,841	59.70%	72,052	60.82%	123,047	9,712	13.48%
Total Dept. Expenditures	\$ 696,896	36,065	12,867	745,828	456,871	24,136	61.26%	383,100	60.37%	649,501	73,771	19.26%
<b>Non-Dept Expenditures</b>												
City-wide Expenditures:												
Econ & Neighborhood Develop.	\$ 29,920	3,528	2,092	35,540	16,460	2,556	46.31%	21,337	86.31%	26,814	(4,877)	-22.86%
Environmental & Utility Services	1,352	14	318	1,684	402	499	23.86%	580	55.66%	1,361	(179)	-30.76%
Public Safety	5,623	7,902	2,067	15,592	4,238	991	27.18%	9,958	67.89%	16,740	(5,720)	-57.44%
Recreation & Cultural Services	11,338	2,689	1,849	15,877	4,761	2,515	29.99%	4,875	56.81%	10,491	(114)	-2.35%
Transportation Services	3,133	(18)	325	3,440	1,172	1,046	34.08%	1,066	54.91%	2,266	106	9.99%
Strategic Support	76,719	126	2,866	79,710	26,649	5,351	33.43%	23,743	56.72%	44,822	2,906	12.24%
Total City-wide Expenditures	128,085	14,241	9,516	151,843	53,682	12,959	35.35%	61,560	66.32%	102,494	(7,878)	-12.80%
Capital Contributions	22,380	21,368	4,014	47,762	8,606	8,618	18.02%	5,895	68.72%	12,657	2,711	45.99%
Transfers to Other Funds	28,877	1,213	-	30,090	26,421	-	87.81%	29,409	99.83%	29,459	(2,988)	-10.16%
Total Non-Dept Expenditures	179,342	36,822	13,530	229,694	88,709	21,576	38.62%	96,864	74.02%	144,610	(8,155)	-8.42%
<b>Reserves</b>												
Contingency Reserves	29,139	1,265	-	30,404	-	-	0.00%	-	0.00%	-	-	0.00%
Earmarked Reserves	100,041	(17,706)	-	82,335	-	-	0.00%	-	0.00%	-	-	0.00%
Total Reserves	129,179	(16,441)	-	112,738	-	-	0.00%	-	0.00%	-	-	0.00%
<b>Total Uses</b>	<b>\$ 1,005,417</b>	<b>56,446</b>	<b>26,397</b>	<b>1,088,261</b>	<b>545,580</b>	<b>45,713</b>	<b>50.13%</b>	<b>479,964</b>	<b>62.71%</b>	<b>794,111</b>	<b>65,616</b>	<b>13.67%</b>

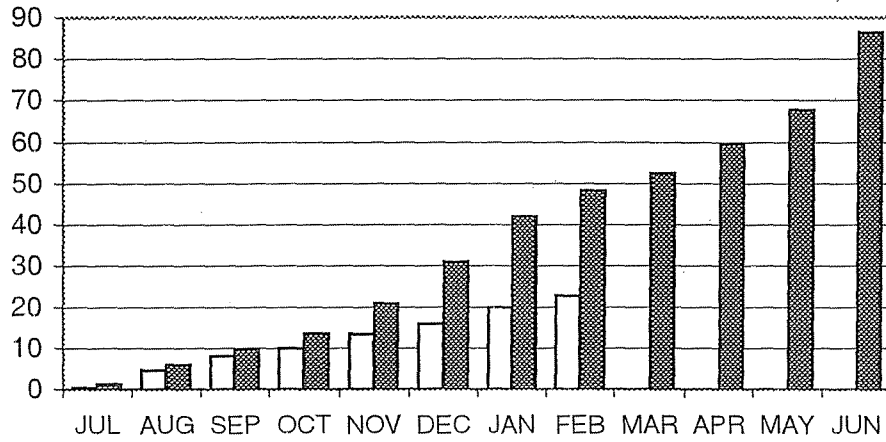
(1) Does not include encumbrance balance.

CITY OF SAN JOSE  
GENERAL FUND SOURCE AND USE OF FUNDS  
FOR THE 8 MONTHS ENDED FEBRUARY 29, 2008  
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES  
(UNAUDITED)  
(\$000's)

	ADOPTED	YTD		REVISED	CUR	CUR YTD	PRIOR	PRIOR YTD %	PRIOR YEAR-END		% CHANGE
	FY 2007-08	BUDGET	C/O	FY 2007-08	YTD	ACTUAL %	YTD	OF PRIOR	BUDGETARY	CUR YTD LESS	CUR YTD ACTUAL
	BUDGET	AMENDMENTS	ENCUMBR	BUDGET	ACTUAL	OF BUDGET	ACTUAL	YEAR-END	BASIS	PRIOR YTD	LESS PRIOR YTD
								ACTUAL	ACTUAL	ACTUAL	ACTUAL
Police	\$ 1,568	139	-	1,707	1,075	62.95%	1,174	69.34%	1,693	(99)	-8.46%
Public Works	8,674	(675)	-	7,999	4,009	50.12%	4,502	55.84%	8,063	(494)	-10.96%
Transportation	1,049	-	-	1,049	558	53.14%	1,055	84.78%	1,244	(497)	-47.13%
Library	1,307	-	-	1,307	717	54.86%	808	59.82%	1,351	(91)	-11.32%
Planning, Bldg & Code Enf	6,264	-	-	6,264	4,923	78.60%	3,436	64.39%	5,337	1,487	43.26%
Parks Rec & Neigh Svcs	7,953	-	-	7,953	5,808	73.03%	5,438	64.59%	8,419	370	6.81%
Miscellaneous Dept Charges	3,900	-	-	3,900	2,018	51.76%	2,358	63.83%	3,694	(339)	-14.39%
<b>Total Departmental Revenues</b>	<b>\$ 30,715</b>	<b>(536)</b>	<b>-</b>	<b>30,179</b>	<b>19,108</b>	<b>63.32%</b>	<b>18,771</b>	<b>62.99%</b>	<b>29,801</b>	<b>336</b>	<b>1.79%</b>

### CONSTRUCTION & CONVEYANCE TAX FUNDS Comparison of YTD Revenues

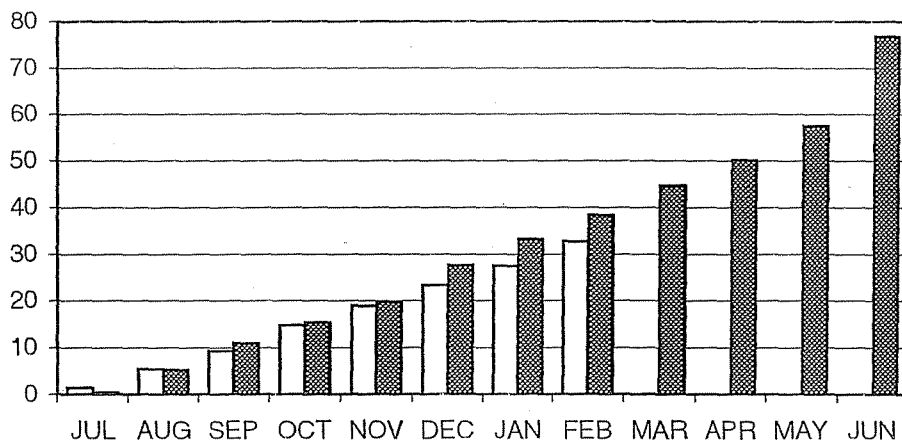
YEAR-TO-DATE REVENUES (MILLIONS)



□ FY 2007-08 YTD    ■ FY 2006-07 YTD

### CONSTRUCTION & CONVEYANCE TAX FUNDS Comparison of YTD Expenditures

YEAR-TO-DATE EXPENDITURES (MILLIONS)



□ FY 2007-08 YTD    ■ FY 2006-07 YTD

**CITY OF SAN JOSE**  
**SPECIAL REVENUE FUNDS**  
**SOURCE AND USE OF FUNDS**  
**FOR THE 8 MONTHS ENDED FEBRUARY 29, 2008**  
**(UNAUDITED)**  
**( \$000's )**

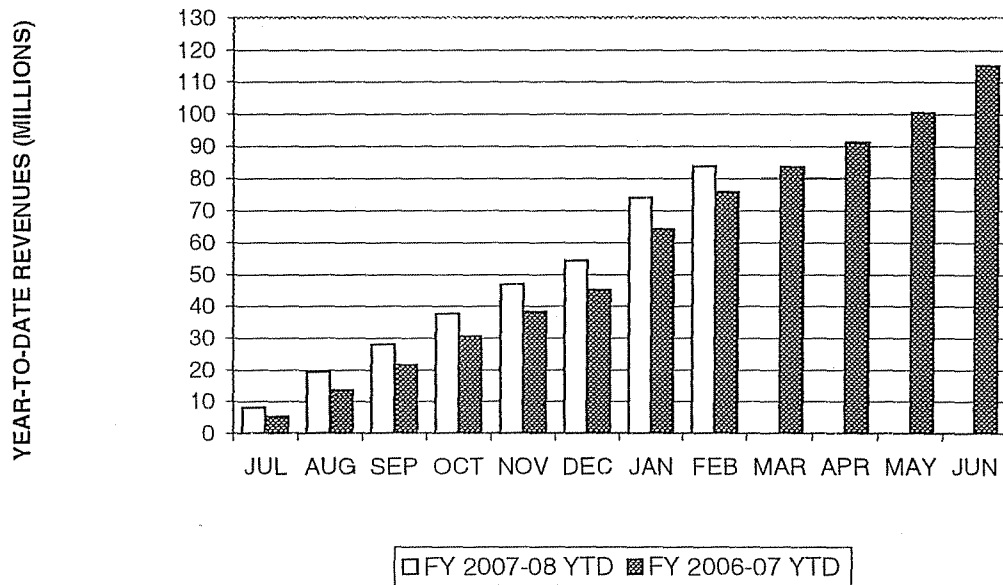
	ADOPTED FY 2007-08 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2007-08 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
<b>Construction/Conveyance Tax</b>							
Prior Year Encumbrance	\$ -	-	13,248	13,248	13,248	N/A	21,608
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	84,720	16,289	-	101,009	101,009	N/A	83,440
Revenues	43,610	7,147	-	50,757	22,665	N/A	48,249
<b>Total Sources</b>	<b>128,330</b>	<b>23,436</b>	<b>13,248</b>	<b>165,014</b>	<b>136,921</b>	<b>N/A</b>	<b>153,297</b>
<b>Total Uses</b>	<b>128,330</b>	<b>23,436</b>	<b>13,248</b>	<b>165,014</b>	<b>32,665</b>	<b>22,877</b>	<b>38,343</b>
<b>Gas Tax</b>							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	-	-	-	-	-	N/A	-
Revenues	17,200	-	-	17,200	9,017	N/A	8,889
<b>Total Sources</b>	<b>17,200</b>	<b>-</b>	<b>-</b>	<b>17,200</b>	<b>9,017</b>	<b>N/A</b>	<b>8,889</b>
<b>Total Uses</b>	<b>17,200</b>	<b>-</b>	<b>-</b>	<b>17,200</b>	<b>9,017</b>	<b>-</b>	<b>8,711</b>
<b>Building and Structures</b>							
Prior Year Encumbrance	-	-	8,038	8,038	8,038	N/A	10,252
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	13,599	6,382	-	19,982	19,982	N/A	25,820
Revenues	19,753	3,549	-	23,302	9,829	N/A	8,620
<b>Total Sources</b>	<b>33,352</b>	<b>9,931</b>	<b>8,038</b>	<b>51,322</b>	<b>37,848</b>	<b>N/A</b>	<b>44,693</b>
<b>Total Uses</b>	<b>33,352</b>	<b>9,931</b>	<b>8,038</b>	<b>51,322</b>	<b>10,138</b>	<b>11,866</b>	<b>12,201</b>
<b>Residential Construction</b>							
Prior Year Encumbrance	-	-	1	1	1	N/A	1
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,370	(33)	-	1,337	1,337	N/A	1,207
Revenues	256	-	-	256	71	N/A	237
<b>Total Sources</b>	<b>1,626</b>	<b>(33)</b>	<b>1</b>	<b>1,594</b>	<b>1,409</b>	<b>N/A</b>	<b>1,445</b>
<b>Total Uses</b>	<b>\$ 1,626</b>	<b>(33)</b>	<b>1</b>	<b>1,594</b>	<b>74</b>	<b>-</b>	<b>78</b>



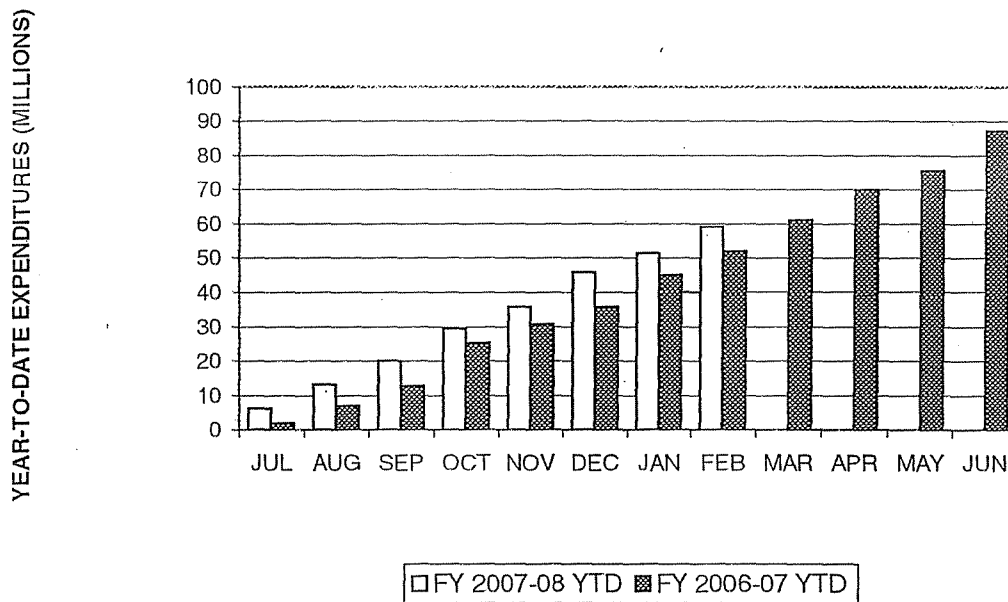
**CITY OF SAN JOSE  
SPECIAL REVENUE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 8 MONTHS ENDED FEBRUARY 29, 2008  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2007-08 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2007-08 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
<b>Transient Occupancy Tax</b>							
Prior Year Encumbrance	\$ -	-	127	127	127	N/A	78
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	3,753	424	-	4,176	4,176	N/A	3,706
Revenues	13,450	-	-	13,450	8,236	N/A	7,292
<b>Total Sources</b>	<b>17,203</b>	<b>424</b>	<b>127</b>	<b>17,753</b>	<b>12,539</b>	<b>N/A</b>	<b>11,076</b>
<b>Total Uses</b>	<b>17,203</b>	<b>424</b>	<b>127</b>	<b>17,753</b>	<b>9,647</b>	<b>658</b>	<b>7,224</b>
<b>Conventions, Arts &amp; Enter</b>							
Prior Year Encumbrance	-	-	338	338	338	N/A	150
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,088	1,992	-	4,080	4,080	N/A	578
Revenues	18,535	150	-	18,685	10,321	N/A	9,848
<b>Total Sources</b>	<b>20,624</b>	<b>2,142</b>	<b>338</b>	<b>23,104</b>	<b>14,740</b>	<b>N/A</b>	<b>10,576</b>
<b>Total Uses</b>	<b>20,624</b>	<b>2,142</b>	<b>338</b>	<b>23,104</b>	<b>12,064</b>	<b>426</b>	<b>9,929</b>
<b>Golf</b>							
Prior Year Encumbrance	-	-	11	11	11	N/A	11
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	698	135	-	833	833	N/A	764
Revenues	2,180	-	-	2,180	1,805	N/A	1,757
<b>Total Sources</b>	<b>2,878</b>	<b>135</b>	<b>11</b>	<b>3,024</b>	<b>2,649</b>	<b>N/A</b>	<b>2,531</b>
<b>Total Uses</b>	<b>2,878</b>	<b>135</b>	<b>11</b>	<b>3,024</b>	<b>1,897</b>	<b>11</b>	<b>1,912</b>
<b>Other Funds</b>							
Prior Year Encumbrance	-	-	50,359	50,359	50,359	N/A	51,195
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	170,368	16,833	-	187,201	187,201	N/A	172,292
Revenues	443,023	32,112	-	475,135	283,405	N/A	214,797
<b>Total Sources</b>	<b>613,391</b>	<b>48,945</b>	<b>50,359</b>	<b>712,694</b>	<b>520,964</b>	<b>N/A</b>	<b>438,284</b>
<b>Total Uses</b>	<b>\$ 613,391</b>	<b>48,945</b>	<b>50,359</b>	<b>712,694</b>	<b>264,969</b>	<b>111,589</b>	<b>229,657</b>

### AIRPORT REVENUE FUND 521 Comparison of YTD Revenues

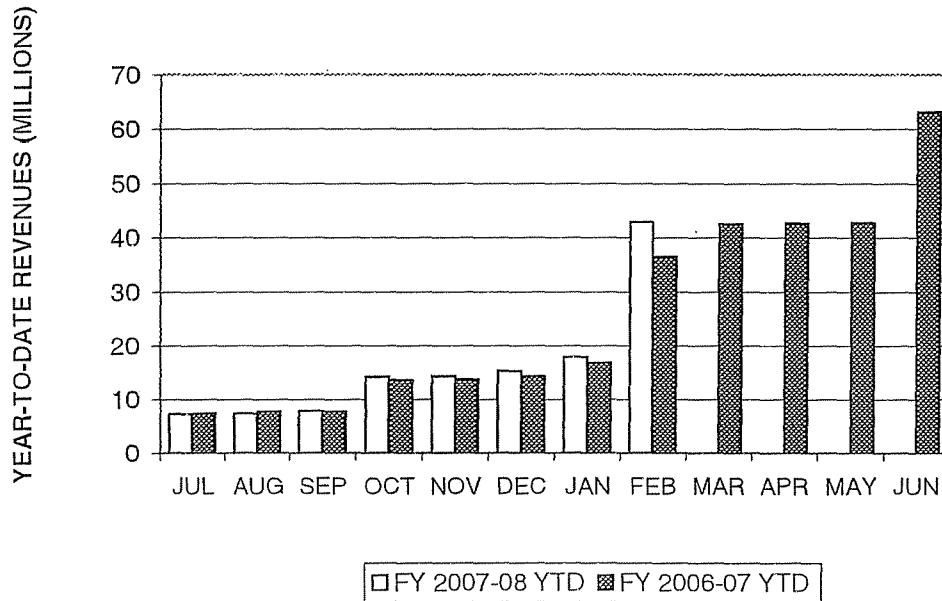


### AIRPORT MAINTENANCE & OPERATING FUND 523 Comparison of YTD Expenditures

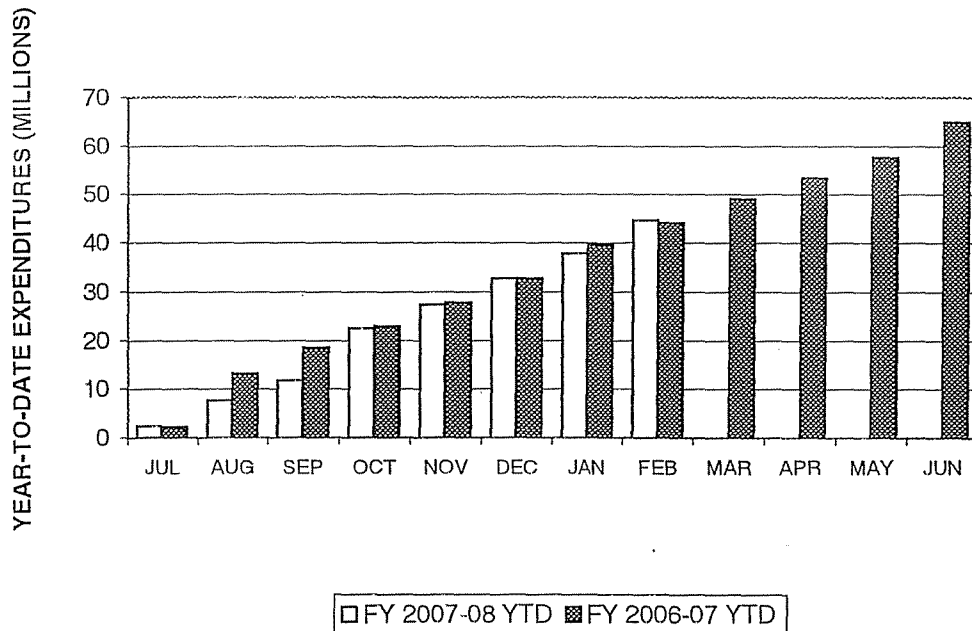


Note: The graphs above include the airport revenue fund (521) and operating fund (523) only.

**WPCP OPERATING FUND 513  
Comparison of YTD Revenues**

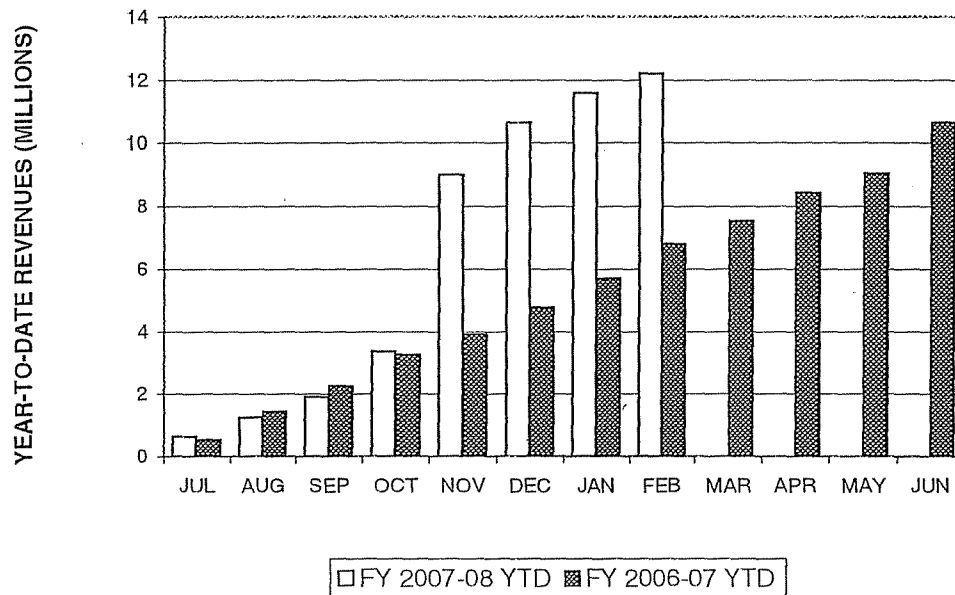


**WPCP OPERATING FUND 513  
Comparison of YTD Expenditures**

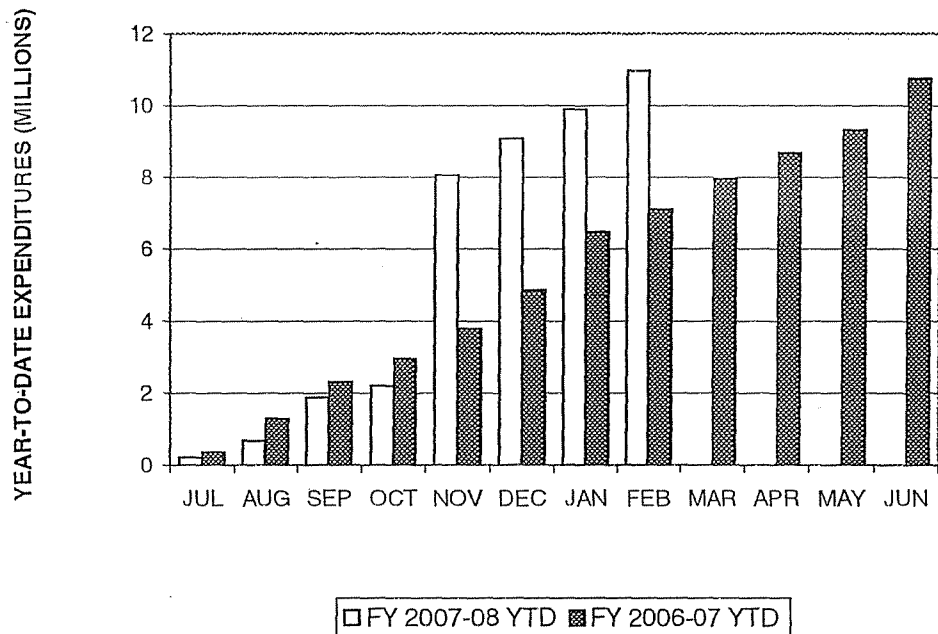


Note: Graphs above are only for WPCP operating fund (513).

**PARKING OPERATING FUND 533**  
**Comparison of YTD Revenues**



**PARKING OPERATING FUND 533**  
**Comparison of YTD Expenditures**



Note: Revenue and expenditure increased in November 2007 due to a transfer of \$5.1 million from General Purpose Parking Fund to Parking Capital Development Fund.

**CITY OF SAN JOSE  
ENTERPRISE FUNDS  
SOURCE AND USE OF FUNDS  
FOR THE 8 MONTHS ENDED FEBRUARY 29, 2008  
(UNAUDITED)  
(\$000's)**

	ADOPTED FY 2007-08 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2007-08 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
<b>Airport</b>							
Prior Year Encumbrance	\$ -	-	188,960	188,960	188,960	N/A	71,246
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	685,863	(211,934)	-	473,929	473,929	N/A	456,618
Revenues	1,308,762	92,048	-	1,400,810	747,238	N/A	203,663
<b>Total Sources</b>	<b>1,994,625</b>	<b>(119,886)</b>	<b>188,960</b>	<b>2,063,699</b>	<b>1,410,127</b>	<b>N/A</b>	<b>731,528</b>
<b>Total Uses</b>	<b>1,994,625</b>	<b>(119,886)</b>	<b>188,960</b>	<b>2,063,699</b>	<b>306,434</b>	<b>243,472</b>	<b>227,528</b>
(Note 1)							
<b>Waste Water Treatment</b>							
Prior Year Encumbrance	-	-	36,224	36,224	36,224	N/A	86,137
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	147,623	38,437	-	186,060	186,060	N/A	164,205
Revenues	248,843	-	-	248,843	179,690	N/A	122,946
<b>Total Sources</b>	<b>396,466</b>	<b>38,437</b>	<b>36,224</b>	<b>471,128</b>	<b>401,975</b>	<b>N/A</b>	<b>373,289</b>
<b>Total Uses</b>	<b>396,466</b>	<b>38,437</b>	<b>36,224</b>	<b>471,128</b>	<b>146,563</b>	<b>41,151</b>	<b>146,975</b>
(Note 2)							
<b>Municipal Water</b>							
Prior Year Encumbrance	-	-	1,143	1,143	1,143	N/A	1,861
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	11,481	(607)	-	10,874	10,874	N/A	11,018
Revenues	28,798	-	-	28,798	19,981	N/A	19,529
<b>Total Sources</b>	<b>40,279</b>	<b>(607)</b>	<b>1,143</b>	<b>40,816</b>	<b>31,999</b>	<b>N/A</b>	<b>32,408</b>
<b>Total Uses</b>	<b>40,279</b>	<b>(607)</b>	<b>1,143</b>	<b>40,816</b>	<b>18,214</b>	<b>3,315</b>	<b>16,980</b>
<b>Parking</b>							
Prior Year Encumbrance	-	-	868	868	868	N/A	2,029
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	11,816	1,229	-	13,045	13,045	N/A	12,338
Revenues	10,425	5,100	-	15,525	12,193	N/A	6,799
<b>Total Sources</b>	<b>22,241</b>	<b>6,329</b>	<b>868</b>	<b>29,438</b>	<b>26,106</b>	<b>N/A</b>	<b>21,166</b>
<b>Total Uses</b>	<b>\$ 22,241</b>	<b>6,329</b>	<b>868</b>	<b>29,438</b>	<b>10,973</b>	<b>2,332</b>	<b>7,105</b>

Note 1 - All Airport Funds, including operating, revenue, capital and debt service.

Note 2 - All Waste Water Funds, including operating, revenue, capital and debt service.

**CITY OF SAN JOSE**  
**CAPITAL PROJECT FUNDS**  
**SOURCE AND USE OF FUNDS**  
**FOR THE 8 MONTHS ENDED FEBRUARY 29, 2008**  
**(UNAUDITED)**  
**( \$000's )**

	ADOPTED FY 2007-08 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBER	REVISED FY 2007-08 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBER	
<b>Construction Excise</b>							
Prior Year Encumbrance	\$ -	-	7,280	7,280	7,280	N/A	2,741
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	12,004	3,118	-	15,122	15,122	N/A	20,714
Revenues	32,584	15,615	-	48,199	16,537	N/A	20,446
<b>Total Sources</b>	<b>44,588</b>	<b>18,733</b>	<b>7,280</b>	<b>70,601</b>	<b>38,939</b>	<b>N/A</b>	<b>43,901</b>
<b>Total Uses</b>	<b>44,588</b>	<b>18,733</b>	<b>7,280</b>	<b>70,601</b>	<b>25,787</b>	<b>6,802</b>	<b>17,941</b>
<b>Redevelopment Projects</b>							
Prior Year Encumbrance	-	-	3,057	3,057	3,057	N/A	4,132
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,654	4,716	-	7,370	7,370	N/A	7,887
Revenues	103	4,426	-	4,529	5,439	N/A	3,026
<b>Total Sources</b>	<b>2,757</b>	<b>9,142</b>	<b>3,057</b>	<b>14,956</b>	<b>15,866</b>	<b>N/A</b>	<b>15,045</b>
<b>Total Uses</b>	<b>2,757</b>	<b>9,142</b>	<b>3,057</b>	<b>14,956</b>	<b>3,168</b>	<b>5,818</b>	<b>4,707</b>
<b>Other</b>							
Prior Year Encumbrance	-	-	47,536	47,536	47,536	N/A	46,210
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	260,216	2,187	-	262,404	262,404	N/A	223,739
Revenues	69,540	7,868	-	77,408	10,856	N/A	11,434
<b>Total Sources</b>	<b>329,756</b>	<b>10,056</b>	<b>47,536</b>	<b>387,348</b>	<b>320,796</b>	<b>N/A</b>	<b>281,383</b>
<b>Total Uses</b>	<b>\$ 329,756</b>	<b>10,056</b>	<b>47,536</b>	<b>387,348</b>	<b>39,906</b>	<b>123,380</b>	<b>33,927</b>

CITY OF SAN JOSE  
OTHER FUND TYPES  
SOURCE AND USE OF FUNDS  
FOR THE 8 MONTHS ENDED FEBRUARY 29, 2008  
(UNAUDITED)  
(\$000's)

	ADOPTED FY 2007-08 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2007-08 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
<b>Trust and Agency</b>							
Prior Year Encumbrance	\$ -	-	28	28	28	N/A	77
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,345	(156)	-	2,189	2,189	N/A	3,209
Revenues	1,211	329	-	1,540	1,782	N/A	3,287
<b>Total Sources</b>	<u>3,556</u>	<u>174</u>	<u>28</u>	<u>3,757</u>	<u>3,999</u>	<u>N/A</u>	<u>6,574</u>
<b>Total Uses</b>	<u>\$ 3,556</u>	<u>174</u>	<u>28</u>	<u>3,757</u>	<u>760</u>	<u>22</u>	<u>4,046</u>

